

210208



March 2, 2004



**Via UPS Next Day Air**

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

**Re: Finance Docket No. 34479; Arkansas Midland Railroad Company –  
Emergency Service Order – Line of Delta Southern Railroad, Inc.  
(Correction to Certificate of Service)**

Dear Mr. Williams:

This refers to Union Pacific Railroad's Rebuttal Verified Statements being transmitted to the Board for filing today.

After the filing had been assembled, it was discovered that the certificate of service erroneously stated that service was being made by First Class United States Mail. By this letter, I am certifying that service was made on all the parties listed on the certificate of service by UPS Overnight Delivery.

An additional ten (10) copies of this letter are enclosed for the Board's files.

ENTERED  
Office of Proceedings

MAR 03 2004

Part of  
Public Record

Very truly yours,

Robert T. Opal  
General Commerce Counsel  
Direct dial: 402/271-3072  
Fax: 402/271-5610

cc: (w/attachments)  
Persons shown on Certificate of Service

Law Department

UNION PACIFIC RAILROAD  
1416 Dodge Street, Rm. 830, Omaha, NE 68179-0001  
fx. (402) 271-5610

210208



March 2, 2004

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**Re: Finance Docket No. 34479; Arkansas Midland Railroad Company –  
Emergency Service Order – Line of Delta Southern Railroad, Inc.**

Dear Mr. Williams:

I am enclosing the following material for filing in the above proceeding:

1. An original and ten (10) copies of Union Pacific Railroad Company's Rebuttal Verified Statements.
2. A diskette containing the foregoing document in Microsoft Word 97 format.

Please indicate receipt of the enclosed materials by returning a stamped copy of this letter in the self-addressed, stamped envelope enclosed for this purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert T. Opal".

Robert T. Opal  
General Commerce Counsel  
Direct dial: 402/271-3072  
Fax: 402/271-5610

cc: (w/attachments)  
Persons shown on Certificate of Service

Law Department

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fx. (402) 271-5610

240208  
**ORIGINAL**

CONTAINS COLOR IMAGES

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

\_\_\_\_\_  
**FINANCE DOCKET NO. 34479**  
\_\_\_\_\_

**ARKANSAS MIDLAND RAILROAD COMPANY – EMERGENCY SERVICE ORDER –  
LINE OF DELTA SOUTHERN RAILROAD, INC.**  
\_\_\_\_\_

**REBUTTAL VERIFIED STATEMENTS  
OF  
UNION PACIFIC RAILROAD COMPANY**  
\_\_\_\_\_

ENTERED  
Office of Proceedings

**MAR 03 2004**

Part of  
Public Record

**UNION PACIFIC RAILROAD COMPANY**

Robert T. Opal  
General Commerce Counsel  
1416 Dodge Street  
Room 830  
Omaha, Nebraska 68179  
(402) 271-3072  
(402) 271-5610 (FAX)

Dated: March 2, 2004  
Filed: March 3, 2004

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Tab B	REBUTTAL VERIFIED STATEMENT OF ABDOLLAH (ABE) GHAZAI (Engineering)
Tab C	REBUTTAL VERIFIED STATEMENT OF WENDY S. WHALEN (Insurance)
	CERTIFICATE OF SERVICE

FINANCE DOCKET NO. 34479  
REBUTTAL VERIFIED STATEMENT  
OF  
WARREN C. WILSON

MAR 3 2004  
RECEIVED

My name is Warren C. Wilson. I am Director of Rail Line Planning for Union Pacific Railroad Company at 1416 Dodge Street, Omaha, NE, 68179. I have 37 years of railroad experience with both the Operating and Marketing Departments of the Pennsylvania Railroad Co., Missouri Pacific Railroad Co., and Union Pacific. I have worked in UP's Short Line Group since 1987 and have been in charge of the Group since 1993.

I am writing in response to Delta Southern Railroad's (DSR) filing with STB dated February 27, 2004 in the above proceeding. The accompanying statements of Abe Ghazai and Wendy Whalen address the engineering and insurance issues raised by the DSR filing.

1. **DSR's OPERATING PROBLEMS**

DSR admits, as it must, that it has been experiencing service problems, but it claims the service problems have only been occurring since December, 2003, with "isolated problems before that" ("DSR Reply, p. 8). It then goes on to claim that "the first time that Potlach expressed any serious concerns about Potlach service was on a conference call which took place at the office of its Washington attorney around February 11 or 12." It further claims that "UP did not begin to present its concerns about the quality of service provided until a few

weeks before giving notice of default" (which UP gave on February 3). Both of these claims are supposedly based on an attached affidavit of William Wainwright, DSR's President (DSR Reply, pp. 9-10).

This is one of the most incredible statements I have seen in my entire career. AKMD's Petition contained a long string of documented service complaints going back long before February, 2004. Our own records show customer complaints about DSR service reaching back to March, 2003. In fact, while DSR says it now wants a meeting with UP and Potlach, DSR conveniently fails to mention that UP, Potlach and DSR (Mr. Wainwright) all met in September 2003 in part, to discuss DSR's deteriorating service.<sup>1</sup> The fact is that DSR has a long record of service problems – they didn't just discover they had an issue with UP or with Potlach in February, 2004. And DSR's service problems are not limited to the Warren Line which is the subject of this proceeding. DSR's Lake Providence line has been partially embargoed since January 13, 2004 for track conditions, preventing shippers served by that line from interchanging traffic with UP. According to DSR personnel, DSR does not intend to reopen this segment of the line until September. It remains to be seen whether it will ever be reopened.

DSR then claims that UP's letter of February 3, 2004 (which notified DSR that it was in default of various obligations under the lease, including insurance

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<sup>1</sup> Attached as Appendix 1 is a letter dated September 25, 2003 summarizing the results of this meeting. DSR generally failed to fulfill its obligations to provide timely notifications of service interruptions, derailments and bad orders as described in paragraph #1 of the letter.

coverage) supposedly prohibited DSR from operating.<sup>2</sup> It goes on to claim that, in a conversation on February 9, I confirmed to Mr. Wainwright that DSR "could not operate until the [insurance] default was cured" (Wainwright, par. 1 and attached February 9, 2004 e-mail). I gather that DSR is making these claims to imply that UP's "prohibitions" were somehow responsible for DSR's service problems, although it never actually says so. Whatever reasons DSR may have for making these claims, they are a complete fabrication. A copy of UP's February 3 default letter is attached as Appendix 2. On its face, this letter does not purport to forbid DSR from operating. To the contrary, one of the defaults the letter demands DSR to cure is DSR's failure "to provide the common carrier service contemplated under the Lease." And at no time have I ever told Mr. Wainwright or anyone else that DSR couldn't operate because it did not have derailment or lading insurance coverage. In fact, when Mr. Wainwright told me in January that he did not have derailment or lading insurance, I told him that it was his decision whether to operate.<sup>3</sup> Obviously, DSR does not itself believe that UP is, in any way, prohibiting it from operating, since DSR claims that it is ready to

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<sup>2</sup> DSR claims that it did not receive UP's February 3, 2004 default letter until February 18, and that the 30 day cure period provided in the lease will not expire until March 18. In fact, DSR's own evidence showed that the U.S. Post Office attempted to deliver the default letter on February 9 and left a notice with DSR. DSR then waited over a week - until February 18 - before picking up the letter. The 30 day cure period thus expires on March 9, not March 18. We would add that DSR's failure to pick up the letter for over a week was obviously a deliberate attempt to buy more time. According to the attachments to Mr. Wainwright's affidavit, DSR received a fax copy of the letter on February 9 so it knew what was in it.

<sup>3</sup> I did have a conversation with Mr. Wainwright on January 19 in which he advised that DSR was suspending operations because it had no insurance whatsoever as of that date. I agreed with Mr. Wainwright that it was foolish for DSR to attempt to operate without any insurance. On January 22, he called to advise that DSR had secured new insurance, except for derailment and lading coverage. It was at that time I advised him that it was DSR's decision whether to operate.

resume service when its customers are ready to shift back to rail service (DSR, p. 9)

## **2. DSR's Revenues**

DSR (or, more precisely, DSR's predecessor) was the winning bidder for the Warren Line lease in 1997. When DSR leased the line, it voluntarily agreed to the compensation it would receive for handling traffic on the line. Presumably, therefore, it believed the compensation provisions of the lease to be adequate. Presumably, it also understood the constraints that might affect UP's ability to increase its own rates and thus its compensation to DSR (the other potential bidders certainly understood those constraints, as demonstrated by the affidavit of Gilbert Gillette included with DSR's filing). Had DSR really believed the compensation to be inadequate, it could have simply refused to enter into the lease.

Nevertheless, DSR now complains that its per car revenues are inadequate to maintain the line and provide reliable rail service (Wainwright Affidavit, par 4). This is another claim by DSR that's simply incredible. Consider the facts. DSR states in its testimony that there were 2,700 carloads per year on the Warren Branch when it assumed operation in 1997, compared to 6,000 carloads today. Any other short line would be delighted to report such a huge volume increase considering train service has not increased (in fact, it has decreased) and DSR is paid on a per carload basis. Further, DSR is not required to do origin switching for the Potlatch traffic. Potlatch has an affiliated railroad, the Warren & Saline River RR (WSR), which handles the origin industry



switching at Warren and delivers to DSR at Warren, at no cost to DSR. DSR handles this traffic as an overhead carrier to McGehee, AR, the interchange point to UP. While DSR must do the origin industry switching at Fulghum Fibre at Warren, DSR receives a 66% premium per carload to do so. DSR's also complains that UP has never increased the per car compensation it pays to DSR for wood chip traffic. The fact is that the rates UP receives for the wood chip traffic have declined substantially since DSR's lease went into effect, while the per car charge UP pays to DSR has remained unchanged. UP could have legitimately demanded that DSR's per car be proportionately reduced, but it has not done so. DSR has nothing to complain about.

DSR's complaints about "inadequate revenues" actually raise a much more fundamental question. If the revenues DSR is earning from the Warren Line are really as "inadequate" as DSR claims, DSR would obviously leap at the chance to get out of its lease of the line and relieve itself of this financial burden. And UP gave it a chance to do so. UP sent DSR two letters (dated February 11 and 12, 2004) which specifically requested DSR to surrender its lease of the line (Appendix 3). DSR refused. It's worth asking why it would want to hold onto the line if it were such a financial dog.

So what is really going on here? Obviously, this line is financially attractive to DSR or it would not be trying so hard to hold onto it. Here is how I read the situation. Since it leased the line in 1997, DSR has sought to maximize its cash flow by deliberately holding maintenance to a bare minimum. That accounts for the line's present deplorable condition as described by UP's

engineering witness, Abe Ghazai, in his accompanying statement. DSR probably expected that, once the line had deteriorated to a point where rail service was imperiled, it would be able to use this "crisis" to extract additional revenues from the shippers and UP to avoid a complete shutdown. It should, thus, come as no surprise that one of DSR's witnesses is urging the Board to "deny AKMD's petition and direct DSR, UP and Potlach to negotiate an arrangement which contemplates compensatory rates for the railroad, permitting it to properly maintain the line..." (Gillette Affidavit, Par. 7). In short, DSR is asking the Board to reward it for creating this crisis.

**3. "Overloaded" Cars**

DSR repeatedly claims that Potlach is responsible for the poor condition of the Warren Line and DSR's amazingly bad insurance record (as confirmed by DSR's own witness Schillinger) because they are overloading cars. We have been having this same conversation with DSR for two months. The only support that DSR has for this claim is that Potlach uses center beam lumber cars with a gross weight capacity of 286,000 and the cars appear to be fully loaded. But, as explained in UP's letter to DSR of February 10, 2004 (Appendix 4), the type of lumber Potlach is shipping cannot take full advantage of the weight capacity of the cars.

UP is the only party to have submitted evidence of the weight of the cars, based on the scale weights of Potlach cars recorded at our North Little Rock Hump yard, which were provided to DSR with our February 10 letter. DSR tries to discredit this evidence (without providing any of its own), by claiming that the

weights were based on “shipper provided estimates rather than actual weights” (based on the “do not weigh-weight agreement” notations on the waybills), and that some of the weights were duplicates of the same cars at “varying weights.”

None of DSR’s arguments carry any weight. In the first place, the weights we provided were actual weights, not “shipper estimated weights”. The North Little Rock Hump Yard automatically weighs cars going over the hump and feeds the weights into the retarder computers which control the descent speed of the cars into the yard’s bowl tracks. These are the weights we provided to DSR. The “do not weigh – weight agreement” notation on the waybills simply means that the cars do not have to be weighed to determine transportation charges. It has nothing to do with the weighing of cars for operational purposes as occurred here. The “duplication” of weights shows only that some of the cars went over the hump more than once, which is not an unusual occurrence (for example, some cars on a particular track may have been misclassified, so the whole track was re-humped). The “varying weights” vary by only about two-tenths of one percent, a trivial amount which can result from the tolerances of the in-motion scales and real but minor changes in the weights of the cars (for example, changes in moisture content of the lading over the course of a day will change the weights.)

### **CONCLUSION**

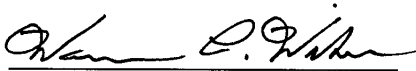
I want to conclude with a fact not addressed by DSR, but one of which it is certainly aware. On February 10 Potlatch senior management advised Mr. Wainwright (DSR’s President) and UP that they were through dealing with DSR

and would not use rail service out of Warren as long as DSR remained on the line. Although we worked for almost a year with DSR as this crisis mounted, through the September 2003 meeting and numerous communications, the decision by the customer was the last straw. If the Board orders Emergency Service, we can perhaps get this line back in service. The alternative is that it will continue to languish under DSR and be abandoned.

**VERIFICATION**

Warren C. Wilson, under penalty of perjury, declares and verifies that he has read the foregoing document, knows the facts stated therein, and that said facts are true as stated.

Dated: March 2, 2004.

  
Warren C. Wilson

UNION PACIFIC RAILROAD COMPANY

**APPENDIX 1**



GARY L. JOHNSON  
MGR-RAIL SYSTEMS PLANNING  
INTERLINE MARKETING

1416 DODGE STREET - Room 1110  
Omaha, NE 68179  
(402) 271-5112

September 25, 2003

Mr. Bill Wainwright  
President  
Delta Southern Railroad  
P.O. Box 1709  
Madison Parish Port  
Tallulah, Louisiana 71282

Dear Bill:

Thanks to you and Donna for participating in the meeting last week with Potlatch, WSR and UP personnel in Warren. I think the meeting went very well and will provide a springboard for even better things to come. This is my understanding of what was agreed to during the meeting:

The goal going forward will be to ensure service commitments are made and kept by all parties and that communication will be enhanced to the greatest degree possible. In order to achieve this, a 2-part "Communication Plan" will be established which will include:

- 1) A E-mail / Telephone communication process will be created to ensure notification on all bad orders, Service Interruptions or Derailments involving on the Warren branch , McGehee or Cypress Bend.

Any time a bad order is identified by Delta Southern, we need to know the Car initial and number, as well as extent of damage and cost estimate.

On all derailments and any other service interruptions, we need to have the individuals listed below notified as soon as possible. This applies to Union Pacific, Delta Southern and WSR

Reggie Paige will handle notifications for UP, Bubba York for WSR and Donna Harris for DSRR

The Individuals to be notified are  
Via Telephone: Bubba York- WSR, Rick Warner- Potlatch, Reggie Paige- UP  
Via E-Mail: Potlatch- Sue Hatch, Rick Warner, Mike Bass, Ben Garner, Nick Koulianos  
WSR- Bubba York, UP- Reggie Paige, Ted Frodyma, Gary Johnson, Linda Lindenberg,

In addition,

2) A Monthly Conference call at 10AM on the first Monday of each month will be initiated to:

- Review prior-month service performance
- Notifications- Is it working ? Changes needed ?
- Car Requirements, such as pool size for chips and Lumber;
- Fleet Utilization
- Do we have the right people on the call ?
- Other issues

Prior to each meeting, any new items should be forwarded to Ted Frodyma for inclusion in the meetings' agenda

Those participating in the conference call will be as follows:

Potlatch- Rick Warner, Sue Hatch, Mary Vickers, Ben Garner, Mike Bass, Bill Horn, Nick Koulianos

UP- Ted Frodyma, Reggie Paige, Chuck Pearson, Joel Blalock, Gary Johnson, Linda Lindenberg, (covered hoppers) , Steve Moore (Centerbeams) , WSR- Bubba York, DSRR- Donna Harris and/or Bill Wainwright.

Bill- While we may have some initial start-up problems, we will work them out as we go and I am sure over time this will have been time well spent as we work to improve the overall communications and service to Potlatch .

Please advise your thoughts .

Sincerely,



February 3, 2004

Mr. William P. Wainwright  
President  
Delta Southern Railroad Company  
Madison Parish Port  
Tallulah, Louisiana 71282

***Re: Notice of Default and Demand for Cure – September 21, 1997 Lease Agreement  
between Union Pacific Railroad Company ("UP") and Delta Southern Railroad Company  
("DS"); Our File No. C-18352***

Dear Mr. Wainwright:

This notice confirms your several telephone conversations with Warren C. Wilson concerning the above-referenced Lease. Wendy S. Whalen, Director of Insurance for UP, has reviewed the insurance binder provided by DS on January 22, 2004. Based on that review, said binder does not provide the insurance coverage required under Section 12 of the Lease. In addition, based on the recent derailment history on the Leased Premises and our inspection of the Leased Premises, it is clear that the Leased Premises have not been maintained to the minimum FRA Class 1 standards required under Section 6.01 of the Lease. Further, DS has not, at its own cost and expense, maintained the Leased Premises to a standard that is sufficient to continue rail freight service commensurate with the needs of the rail users located thereon as required by Section 6.01. For these reasons, UP has no choice but to place DS on notice that in accordance with Section 19.01(c) of the Lease, DS is in material breach of Sections 6 and 12 of the Lease in that DS has failed to properly maintain the Leased Premises and obtain the insurance coverage required by the Lease in order for DS to provide the common carrier service by railroad contemplated under the Lease.

In accordance with Section 19.01(c) of the Lease, DS will have a period of 30 days from its receipt of this letter to cure the defaults described above. If, at the end of the 30-day period, DS has not cured the breach, UP reserves the right to exercise such remedies as are available to it under the terms of the lease. If DS has received written notice of cancellation of its insurance coverage from its insurance underwriter or broker, please provide a copy of such notice by fax to UP immediately.

Very truly yours,

A handwritten signature in dark ink, appearing to read "John T. Gray". The signature is fluid and cursive, written over the typed name.

John T. Gray  
Executive Director, Interline Marketing

UNION PACIFIC RAILROAD  
1416 Dodge Street, Omaha, NE 68179  
ph. (402) 271-3450 fx. (402) 271-2438





February 11, 2004

Mr. William P. Wainwright  
President  
Delta Southern Railroad Company  
Madison Parish Port  
Tallulah, Louisiana 71282

***Re: Demand for Immediate Access to the Leased Premises to Mitigate Substantial Impending Damages; Our File No. C-18352***

Dear Mr. Wainwright:

The Delta Southern Railroad Company's ("DS") failure to perform in accordance with the terms of that certain lease agreement (the "Lease") dated as of September 21, 1997 between Union Pacific Railroad Company ("UP") and DS may expose UP to potential loss of business from the Potlatch Corporation, a major shipper on the UP system. Under the laws of the State of Arkansas DS has an obligation to mitigate the damages that may be suffered by both Potlatch Corporation and UP unless immediate steps are taken to remedy the failure to provide adequate common carrier by railroad service to Potlatch's facilities located in Warren, Arkansas; specifically, DS's failure to serve the Potlatch Lumber Mill at Warren, Arkansas which produces both lumber and wood chips and the Fulgum Fiber Mill at Warren, Arkansas which produces wood chips.

In order to mitigate the substantial damages which are currently accruing, UP seeks DS's immediate concurrence that the Lease shall be terminated immediately and that UP and its agent may enter the Leased Premises immediately to take full control of the Leased Premises and the railroad operations thereon. There is no justifiable reason in the opinion of UP to subject both of our companies to additional loss and expense which may be avoidable if UP is permitted to immediately reoccupy the Leased Premises and provide for the common carrier needs of the shippers located thereon.

A final accounting would be undertaken by both DS and UP to assure that DS receives its divisions, as appropriate, for the carloads it has moved under the terms of the Lease up to and including the date of agreed termination of the Lease. In addition, if DS is willing to terminate the Lease in accordance with the process outlined in the next paragraph, UP is willing to forgo pursuing damages against DS for loss of traffic revenue on the lease line resulting from DS's default under the Lease.

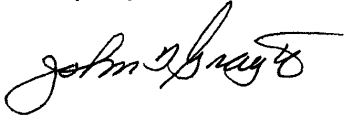
John T. Gray  
Executive Director, Interline Marketing

UNION PACIFIC RAILROAD  
1416 Dodge Street, Omaha, NE 68179  
ph: (402) 271-3450 fx: (402) 271-7438

Mr. William P. Wainwright  
Page 2  
February 11, 2004

It is critical that DS provide DS's written concurrence to UP with regard to the foregoing by 2:00 p.m. CST, February 12, 2004. Please indicate such concurrence by signing and dating the duplicate original of this Letter Agreement and forwarding one original to me as soon as possible. It is requested that the signed agreement be immediately forwarded by facsimile to 402/271-2438 to effectuate the termination and transfer of operations as soon as possible. UP with DS's cooperation will take the steps necessary with the Surface Transportation Board to document this transfer to the extent necessary under federal law.

Very truly yours,



AGREED TO AND ACCEPTED  
this \_\_\_\_ day of February, 2004.

DELTA SOUTHERN RAILROAD COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_



February 12, 2004

Mr. William P. Wainwright  
President  
Delta Southern Railroad Company  
Madison Parish Port  
Tallulah, Louisiana 71282

Dear Mr. Wainwright:

Please refer to our telephone conversation of this morning, February 12, 2004, between yourself and your counsel, Mr. John Heffner, and Warren Wilson and myself in which you reported on your telephone conversation with representatives of Potlatch Corporation.

In our call you requested "several months" in order to correct the defaults that were the subject of my letter to you dated February 3, 2004. You also indicated that you felt your conversation with Potlatch Corporation representatives had been successful in that, although they had not agreed to your requests for additional time to correct Delta Southern's problems, they had also not "said no". Both Mr. Wilson and I indicated that we could not give you an answer on the issue until we had talked to Potlatch Corporation and understood whether their concerns had been addressed.

Following the call, Mr. Wilson and I contacted the representatives of Potlatch Corporation with whom you spoke to review their impressions of their conversation with you. They indicated that they felt none of the four basic issues that concerned them were adequately addressed in their conversation with you. These issues include:

- First, and most important, Delta Southern's consistent failure to provide reliable rail transportation to their facilities and to move their product in a timely and safe manner;
- Second, Delta Southern's failure to maintain insurance for derailments and property damage;
- Third, Delta Southern's refusal to move properly loaded center-beam flatcars of lumber; and,
- Fourth, Delta Southern's refusal to move properly loaded wood-chip cars.

They indicated that until these conditions were corrected they would be forced to continue trucking of their products. Potlatch Corporation's representatives further indicated to us that their current arrangements to truck their products to destination are for three weeks. If they are not able to ship by rail at the end of the three-week period, they will need to make long-term arrangements to ship all of their products by truck and there will be no further need for rail service.

John T. Gray  
Executive Director, Interline Marketing

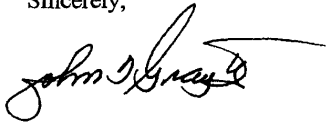
UNION PACIFIC RAILROAD  
1416 Dodge Street, Omaha, NE 68179  
ph. (402) 271-3450 fx. (402) 271-2438

Mr. William P. Wainwright  
Page Two  
February 12, 2004

Since Potlatch Corporation's fundamental issues have not been addressed and there has been no indication that you have either the resources or ability to cure, in a timely manner, the issues of default noted by my February 3, 2004 letter, I must make it clear that the original deadline remains in place. I would once again urge you to immediately surrender the property leased from Union Pacific in order to mitigate the damages that will be caused by your continued retention of the leased property.

Please contact, or ask Mr. Heffner to contact, either myself or Mr. Wilson prior to 4:00 p.m. CST, February 13, 2004 with your decision so that we can make appropriate preparations.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Gray". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

UNION PACIFIC RAILROAD COMPANY

APPENDIX 4



GARY L. JOHNSON  
SR. MGR-SHORT LINE DEVELOPMENT  
INTERLINE MARKETING

1416 DODGE STREET - Room 1110  
Omaha, NE 68179  
(402) 271-5112

February 10, 2004

Mr. Bill Wainwright  
President  
Delta Southern Railroad  
P.O. Box 1709  
Madison Parish Port  
Tallulah, Louisiana 71282

Dear Bill:

RE: Claim of Overweight cars

Yesterday during our call you again mentioned that the reason for the derailments which lead to service failures on the Warren branch was due to the lumber cars being loaded at 286,000 lbs. While the cars we use in this lumber service are 73 foot cars that do have a capacity of 286,000 lbs (lading plus tare) they never reach the maximum weight because the dried Southern Yellow Pine lumber produced at the mill cannot take full advantage of the weight carrying capacity of the car. As I mentioned to you during the call we have looked at all the lumber cars that have been humped where they would also go across a scale and none of the 188 cars were at 286,000. In fact, our records indicate that only 4 cars out of 188 were above 268,000 and the vast majority of the remaining cars were under 263,000. I am attaching the data for your review. I would suggest that you contact Rick Warner if you want the weights on the loaded woodchip cars as I understand that before a car is unloaded at the Cypress Bend paper mill it is weighed. Potlatch has advised us that none of these cars were overloaded.

Sincerely,

**2003 POTLATCH SHIPMENTS FROM WARREN, AR  
LUMBER LOADS WEIGHED ON UPRR SCALE**

Shpr_Name	Orig_St	Orig_City	Cmdy_Line	L/E	Wb_Date	Cycl_Seq_Nbr	Eqmt_Init	Eqmt_Nbr	Car_Type_Name	GR_WGT
POTLATCH WSR	AR	WARREN	20	L	09-Jan-03	553271111	NOKL	730608	FLATCB73	246500
POTLATCH WSR	AR	WARREN	20	L	10-Jan-03	553271227	HLSC	3013	FLATCB73	245600
POTLATCH WSR	AR	WARREN	20	L	10-Jan-03	553271228	CRLE	20410	FLATCB73	241000
POTLATCH WSR	AR	WARREN	20	L	14-Jan-03	553976380	TTZX	861700	FLATCB73	258300
POTLATCH WSR	AR	WARREN	20	L	14-Jan-03	553976380	TTZX	861700	FLATCB73	256400
POTLATCH WSR	AR	WARREN	20	L	17-Jan-03	554714510	SERA	73025	FLATCB73	246800
POTLATCH WSR	AR	WARREN	20	L	21-Jan-03	555406973	ATW	50061	FLATCB73	257700
POTLATCH WSR	AR	WARREN	20	L	21-Jan-03	555406974	TTZX	862528	FLATCB73	248600
POTLATCH WSR	AR	WARREN	20	L	22-Jan-03	555898671	TTZX	863295	FLATCB73	247700
POTLATCH WSR	AR	WARREN	20	L	23-Jan-03	555865352	TTZX	856123	FLATCB73	264800
POTLATCH WSR	AR	WARREN	20	L	24-Jan-03	556075402	TR	165542	FLATCB73	258200
POTLATCH WSR	AR	WARREN	20	L	30-Jan-03	557458945	CRLE	20731	FLATCB73	267500
POTLATCH WSR	AR	WARREN	20	L	31-Jan-03	557469073	TTZX	862247	FLATCB73	271200
POTLATCH WSR	AR	WARREN	20	L	05-Feb-03	558654924	TTZX	862973	FLATCB73	273600
POTLATCH WSR	AR	WARREN	20	L	05-Feb-03	558654921	NOKL	730638	FLATCB73	252800
POTLATCH WSR	AR	WARREN	20	L	06-Feb-03	558655351	TTZX	862683	FLATCB73	262700
POTLATCH WSR	AR	WARREN	20	L	06-Feb-03	558655349	ATW	50041	FLATCB73	258800
POTLATCH WSR	AR	WARREN	20	L	07-Feb-03	558895456	TTZX	861572	FLATCB73	267500
POTLATCH WSR	AR	WARREN	20	L	10-Feb-03	559543043	TTZX	862630	FLATCB73	255100
POTLATCH WSR	AR	WARREN	20	L	10-Feb-03	559543043	TTZX	862630	FLATCB73	254500
POTLATCH WSR	AR	WARREN	20	L	14-Feb-03	560236777	LW	74532	FLATCB73	265500
POTLATCH WSR	AR	WARREN	20	L	14-Feb-03	560236792	TR	274175	FLATCB73	265500
POTLATCH WSR	AR	WARREN	20	L	14-Feb-03	560236787	TR	274158	FLATCB73	265400
POTLATCH WSR	AR	WARREN	20	L	17-Feb-03	560888626	HLSC	3114	FLATCB73	264800
POTLATCH WSR	AR	WARREN	20	L	21-Feb-03	561538575	HLSC	3070	FLATCB73	265100
POTLATCH WSR	AR	WARREN	20	L	21-Feb-03	561545181	TTZX	863199	FLATCB73	253900
POTLATCH WSR	AR	WARREN	20	L	24-Feb-03	562014218	TTZX	861200	FLATCB73	259600
POTLATCH WSR	AR	WARREN	20	L	25-Feb-03	562445039	TTZX	863200	FLATCB73	248400
POTLATCH WSR	AR	WARREN	20	L	27-Feb-03	562856404	CRLE	20729	FLATCB73	254800
POTLATCH WSR	AR	WARREN	20	L	03-Mar-03	563788516	TTZX	862940	FLATCB73	265100
POTLATCH WSR	AR	WARREN	20	L	04-Mar-03	563787558	TTZX	863260	FLATCB73	261200
POTLATCH WSR	AR	WARREN	20	L	05-Mar-03	563788726	AOK	20890	FLATCB73	256600
POTLATCH WSR	AR	WARREN	20	L	06-Mar-03	564222512	HLSC	3012	FLATCB73	247900
POTLATCH WSR	AR	WARREN	20	L	07-Mar-03	564222494	CRLE	20722	FLATCB73	245900
POTLATCH WSR	AR	WARREN	20	L	14-Mar-03	565548008	CRLE	20723	FLATCB73	267800
POTLATCH WSR	AR	WARREN	20	L	31-Mar-03	568716138	CHTT	273133	FLATCB73	259100

**2003 POTLATCH SHIPMENTS FROM WARREN, AR  
LUMBER LOADS WEIGHED ON UPRR SCALE**

Shpr_Name	Orig_St	Orig_City	Cmdy_Line	L/E_	Wb_Date	Cycl_Seq_Nbr	Eqmt_Init	Eqmt_Nbr	Car_Type_Name	GR_WGT
POTLATCH WSR	AR	WARREN	20	L	02-Apr-03	569182856	TTZX	861942	FLATCB73	267200
POTLATCH WSR	AR	WARREN	20	L	02-Apr-03	569182838	CRLE	20839	FLATCB73	267100
POTLATCH WSR	AR	WARREN	20	L	03-Apr-03	569600470	WCRC	20043	FLATCB73	259800
POTLATCH WSR	AR	WARREN	20	L	08-Apr-03	570297771	CRLE	20731	FLATCB73	255900
POTLATCH WSR	AR	WARREN	20	L	16-Apr-03	572164116	LW	74089	FLATCB73	267200
POTLATCH WSR	AR	WARREN	20	L	22-Apr-03	573229045	TTZX	856103	FLATCB73	269100
POTLATCH WSR	AR	WARREN	20	L	30-Apr-03	574623760	LW	74108	FLATCB73	265400
POTLATCH WSR	AR	WARREN	20	L	01-May-03	574867842	TTZX	862283	FLATCB73	269400
POTLATCH WSR	AR	WARREN	20	L	06-May-03	576016976	TTZX	862978	FLATCB73	259400
POTLATCH WSR	AR	WARREN	20	L	09-May-03	576439276	CHTT	273321	FLATCB73	257000
POTLATCH WSR	AR	WARREN	20	L	09-May-03	576439245	CHTT	273296	FLATCB73	255700
POTLATCH WSR	AR	WARREN	20	L	09-May-03	576439248	CRLE	20731	FLATCB73	254100
POTLATCH WSR	AR	WARREN	20	L	09-May-03	576439272	TTZX	862295	FLATCB73	254000
POTLATCH WSR	AR	WARREN	20	L	09-May-03	576439248	CRLE	20731	FLATCB73	253800
POTLATCH WSR	AR	WARREN	20	L	09-May-03	576439022	ATW	50035	FLATCB73	251100
POTLATCH WSR	AR	WARREN	20	L	12-May-03	576895894	TTZX	864401	FLATCB73	251300
POTLATCH WSR	AR	WARREN	20	L	16-May-03	577857213	HLSC	2322	FLATCB73	267100
POTLATCH WSR	AR	WARREN	20	L	16-May-03	577857212	TTZX	863693	FLATCB73	250200
POTLATCH WSR	AR	WARREN	20	L	21-May-03	578763023	TR	274169	FLATCB73	260200
POTLATCH WSR	AR	WARREN	20	L	29-May-03	580191754	TTZX	861344	FLATCB73	262400
POTLATCH WSR	AR	WARREN	20	L	29-May-03	580191754	TTZX	861344	FLATCB73	260600
POTLATCH WSR	AR	WARREN	20	L	06-Jun-03	581771464	CORP	9392	FLATCB73	248900
POTLATCH WSR	AR	WARREN	20	L	06-Jun-03	581771464	CORP	9392	FLATCB73	248100
POTLATCH WSR	AR	WARREN	20	L	12-Jun-03	582921989	CRLE	20692	FLATCB73	254000
POTLATCH WSR	AR	WARREN	20	L	13-Jun-03	583214040	CRLE	20661	FLATCB73	267700
POTLATCH WSR	AR	WARREN	20	L	24-Jun-03	585188079	CRLE	20722	FLATCB73	259400
POTLATCH WSR	AR	WARREN	20	L	27-Jun-03	585661446	TTZX	864115	FLATCB73	262100
POTLATCH WSR	AR	WARREN	20	L	30-Jun-03	586371339	WPRR	73082	FLATCB73	253700
POTLATCH WSR	AR	WARREN	20	L	30-Jun-03	586371344	TTZX	856460	FLATCB73	243000
POTLATCH WSR	AR	WARREN	20	L	30-Jun-03	586371342	TR	274041	FLATCB73	237900
POTLATCH WSR	AR	WARREN	20	L	30-Jun-03	586371342	TR	274041	FLATCB73	237700
POTLATCH WSR	AR	WARREN	20	L	02-Jul-03	586824339	CRLE	20729	FLATCB73	259700
POTLATCH WSR	AR	WARREN	20	L	02-Jul-03	586824340	NOKL	733729	FLATCB73	255900
POTLATCH WSR	AR	WARREN	20	L	02-Jul-03	584414720	CRLE	20839	FLATCB73	248700
POTLATCH WSR	AR	WARREN	20	L	07-Jul-03	585661443	LW	73066	FLATCB73	247600
POTLATCH WSR	AR	WARREN	20	L	08-Jul-03	587756688	TTZX	862365	FLATCB73	264600

**2003 POTLATCH SHIPMENTS FROM WARREN, AR  
LUMBER LOADS WEIGHED ON UPRR SCALE**

Shpr_Name	Orig_St	Orig_City	Cmdy_Line	L/E_	Wb_Date	Cycl_Seq_Nbr	Eqmt_Init	Eqmt_Nbr	Car_Type_Name	GR_WGT
POTLATCH WSR	AR	WARREN	20	L	08-Jul-03	587756687	TTZX	862321	FLATCB73	255200
POTLATCH WSR	AR	WARREN	20	L	10-Jul-03	588426196	CHTT	273237	FLATCB73	261100
POTLATCH WSR	AR	WARREN	20	L	10-Jul-03	588426203	TTZX	856226	FLATCB73	258000
POTLATCH WSR	AR	WARREN	20	L	11-Jul-03	588426186	HLSC	2201	FLATCB73	260600
POTLATCH WSR	AR	WARREN	20	L	11-Jul-03	588426186	HLSC	2201	FLATCB73	257000
POTLATCH WSR	AR	WARREN	20	L	14-Jul-03	588827810	TTZX	862458	FLATCB73	265200
POTLATCH WSR	AR	WARREN	20	L	14-Jul-03	589033464	TR	274095	FLATCB73	254500
POTLATCH WSR	AR	WARREN	20	L	15-Jul-03	589285572	LW	74108	FLATCB73	252600
POTLATCH WSR	AR	WARREN	20	L	16-Jul-03	589285570	TR	165527	FLATCB73	252800
POTLATCH WSR	AR	WARREN	20	L	18-Jul-03	589709275	CRLE	20722	FLATCB73	257700
POTLATCH WSR	AR	WARREN	20	L	18-Jul-03	589709276	CRLE	20839	FLATCB73	256200
POTLATCH WSR	AR	WARREN	20	L	24-Jul-03	591035974	ATW	50130	FLATCB73	252600
POTLATCH WSR	AR	WARREN	20	L	25-Jul-03	591035973	LW	75045	FLATCB73	259500
POTLATCH WSR	AR	WARREN	20	L	25-Jul-03	591035973	LW	75045	FLATCB73	258400
POTLATCH WSR	AR	WARREN	20	L	25-Jul-03	591035971	ATW	50071	FLATCB73	249500
POTLATCH WSR	AR	WARREN	20	L	25-Jul-03	591035972	TTZX	86976	FLATCB73	243900
POTLATCH WSR	AR	WARREN	20	L	06-Aug-03	593795282	TTZX	862456	FLATCB73	260000
POTLATCH WSR	AR	WARREN	20	L	08-Aug-03	593795487	CRLE	20729	FLATCB73	265100
POTLATCH WSR	AR	WARREN	20	L	11-Aug-03	594708373	HLSC	2351	FLATCB73	262400
POTLATCH WSR	AR	WARREN	20	L	11-Aug-03	594267418	TR	273934	FLATCB73	254500
POTLATCH WSR	AR	WARREN	20	L	13-Aug-03	594742488	TTZX	84929	FLATCB73	242500
POTLATCH WSR	AR	WARREN	20	L	14-Aug-03	595172483	CRLE	20723	FLATCB73	256700
POTLATCH WSR	AR	WARREN	20	L	18-Aug-03	595601582	CRLE	20738	FLATCB73	264900
POTLATCH WSR	AR	WARREN	20	L	20-Aug-03	596088981	TTZX	856430	FLATCB73	253400
POTLATCH WSR	AR	WARREN	20	L	20-Aug-03	596088980	TTZX	863323	FLATCB73	245900
POTLATCH WSR	AR	WARREN	20	L	20-Aug-03	596088980	TTZX	863323	FLATCB73	245400
POTLATCH WSR	AR	WARREN	20	L	22-Aug-03	596566767	TTZX	863843	FLATCB73	246600
POTLATCH WSR	AR	WARREN	20	L	28-Aug-03	597955782	TTZX	863216	FLATCB73	258400
POTLATCH WSR	AR	WARREN	20	L	29-Aug-03	597956072	TTZX	856252	FLATCB73	246000
POTLATCH WSR	AR	WARREN	20	L	04-Sep-03	599210749	CRLE	20729	FLATCB73	262600
POTLATCH WSR	AR	WARREN	20	L	06-Sep-03	599845508	TR	273914	FLATCB73	264100
POTLATCH WSR	AR	WARREN	20	L	06-Sep-03	599845508	TR	273914	FLATCB73	261700
POTLATCH WSR	AR	WARREN	20	L	09-Sep-03	600121682	TTZX	863248	FLATCB73	263900
POTLATCH WSR	AR	WARREN	20	L	16-Sep-03	601517540	TTZX	861536	FLATCB73	266600
POTLATCH WSR	AR	WARREN	20	L	16-Sep-03	601333811	TTZX	861352	FLATCB73	260800
POTLATCH WSR	AR	WARREN	20	L	19-Sep-03	601925864	TTZX	856177	FLATCB73	263800



2003 POTLATCH SHIPMENTS FROM WARREN, AR  
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Shpr_Name	Orig_St	Orig_City	Cmdy_Line	L/E_	Wb_Date	Cycl_Seq_Nbr	Eqmt_Init	Eqmt_Nbr	Car_Type_Name	GR_WGT
POTLATCH WSR	AR	WARREN	20	L	19-Sep-03	601925863	TTZX	856103	FLATCB73	253500
POTLATCH WSR	AR	WARREN	20	L	19-Sep-03	601925863	TTZX	856103	FLATCB73	252200
POTLATCH WSR	AR	WARREN	20	L	19-Sep-03	601925867	TTZX	863774	FLATCB73	244200
POTLATCH WSR	AR	WARREN	20	L	23-Sep-03	602836940	TTZX	862102	FLATCB73	241900
POTLATCH WSR	AR	WARREN	20	L	29-Sep-03	602104789	HLSC	3079	FLATCB73	259900
POTLATCH WSR	AR	WARREN	20	L	29-Sep-03	602214089	HLSC	856137	FLATCB73	62300
POTLATCH WSR	AR	WARREN	20	L	29-Sep-03	602104789	HLSC	3079	FLATCB73	62200
POTLATCH WSR	AR	WARREN	20	L	30-Sep-03	604489661	TR	274112	FLATCB73	264800
POTLATCH WSR	AR	WARREN	20	L	30-Sep-03	604046620	TTZX	856250	FLATCB73	260000
POTLATCH WSR	AR	WARREN	20	L	30-Sep-03	604046620	TTZX	856250	FLATCB73	259200
POTLATCH WSR	AR	WARREN	20	L	30-Sep-03	604046620	TTZX	856250	FLATCB73	257600
POTLATCH WSR	AR	WARREN	20	L	30-Sep-03	604489660	NOKL	730940	FLATCB73	245300
POTLATCH WSR	AR	WARREN	20	L	30-Sep-03	604489660	NOKL	730940	FLATCB73	244900
POTLATCH WSR	AR	WARREN	20	L	01-Oct-03	604434634	TTZX	856373	FLATCB73	264800
POTLATCH WSR	AR	WARREN	20	L	01-Oct-03	604434629	CRLE	20738	FLATCB73	263700
POTLATCH WSR	AR	WARREN	20	L	02-Oct-03	604696236	TTZX	856282	FLATCB73	263500
POTLATCH WSR	AR	WARREN	20	L	02-Oct-03	604696236	TTZX	856282	FLATCB73	262700
POTLATCH WSR	AR	WARREN	20	L	02-Oct-03	604696236	TTZX	856282	FLATCB73	262600
POTLATCH WSR	AR	WARREN	20	L	02-Oct-03	604696238	TTZX	85719	FLATCB73	243100
POTLATCH WSR	AR	WARREN	20	L	03-Oct-03	604696280	ATW	50057	FLATCB73	266900
POTLATCH WSR	AR	WARREN	20	L	03-Oct-03	604696280	ATW	50057	FLATCB73	266400
POTLATCH WSR	AR	WARREN	20	L	06-Oct-03	605228606	HLSC	3062	FLATCB73	243500
POTLATCH WSR	AR	WARREN	20	L	07-Oct-03	605632808	HLSC	2215	FLATCB73	257700
POTLATCH WSR	AR	WARREN	20	L	08-Oct-03	605633246	ATW	55086	FLATCB73	256800
POTLATCH WSR	AR	WARREN	20	L	08-Oct-03	605633246	ATW	55086	FLATCB73	256300
POTLATCH WSR	AR	WARREN	20	L	15-Oct-03	607045259	CHTT	273310	FLATCB73	254000
POTLATCH WSR	AR	WARREN	20	L	15-Oct-03	607045260	TTZX	85886	FLATCB73	249900
POTLATCH WSR	AR	WARREN	20	L	15-Oct-03	607045260	TTZX	85886	FLATCB73	246800
POTLATCH WSR	AR	WARREN	20	L	16-Oct-03	607473736	NOKL	733225	FLATCB73	241300
POTLATCH WSR	AR	WARREN	20	L	17-Oct-03	607471853	TTZX	84948	FLATCB73	244600
POTLATCH WSR	AR	WARREN	20	L	17-Oct-03	607471853	TTZX	84948	FLATCB73	244300
POTLATCH WSR	AR	WARREN	20	L	17-Oct-03	607471853	TTZX	84948	FLATCB73	62800
POTLATCH WSR	AR	WARREN	20	L	17-Oct-03	607471853	TTZX	84948	FLATCB73	62700
POTLATCH WSR	AR	WARREN	20	L	23-Oct-03	608623347	CRLE	7483	FLATCB73	260500
POTLATCH WSR	AR	WARREN	20	L	23-Oct-03	609479236	TTZX	863139	FLATCB73	257000
POTLATCH WSR	AR	WARREN	20	L	23-Oct-03	609479236	TTZX	863139	FLATCB73	255500

**2003 POTLATCH SHIPMENTS FROM WARREN, AR  
LUMBER LOADS WEIGHED ON UPRR SCALE**

Shpr_Name	Orig_St	Orig_City	Cmdy_Line	L/E_	Wb_Date	Cycl_Seq_Nbr	Eqmt_Init	Eqmt_Nbr	Car_Type_Name	GR_WGT
POTLATCH WSR	AR	WARREN	20	L	29-Oct-03	609336664	CRLE	20839	FLATCB73	264800
POTLATCH WSR	AR	WARREN	20	L	29-Oct-03	609336671	TTZX	862494	FLATCB73	243200
POTLATCH WSR	AR	WARREN	20	L	29-Oct-03	609336671	TTZX	862494	FLATCB73	243000
POTLATCH WSR	AR	WARREN	20	L	03-Nov-03	610816193	CRLE	20723	FLATCB73	253000
POTLATCH WSR	AR	WARREN	20	L	04-Nov-03	610823861	TTZX	856775	FLATCB73	251000
POTLATCH WSR	AR	WARREN	20	L	04-Nov-03	610823861	TTZX	856775	FLATCB73	250800
POTLATCH WSR	AR	WARREN	20	L	04-Nov-03	610823858	TTZX	864788	FLATCB73	239000
POTLATCH WSR	AR	WARREN	20	L	05-Nov-03	611080156	TTZX	864127	FLATCB73	255500
POTLATCH WSR	AR	WARREN	20	L	07-Nov-03	611549002	TTZX	862095	FLATCB73	251500
POTLATCH WSR	AR	WARREN	20	L	07-Nov-03	611549002	TTZX	862095	FLATCB73	251400
POTLATCH WSR	AR	WARREN	20	L	10-Nov-03	611987214	UP	274424	FLATCB73	265000
POTLATCH WSR	AR	WARREN	20	L	10-Nov-03	611987217	TTZX	863768	FLATCB73	241400
POTLATCH WSR	AR	WARREN	20	L	10-Nov-03	612058269	TBOX	665897	BOXPL060	239300
POTLATCH WSR	AR	WARREN	20	L	14-Nov-03	612867639	TTZX	861353	FLATCB73	248700
POTLATCH WSR	AR	WARREN	20	L	17-Nov-03	613368218	CRLE	20729	FLATCB73	267500
POTLATCH WSR	AR	WARREN	20	L	20-Nov-03	614928009	TTZX	84941	FLATCB73	254000
POTLATCH WSR	AR	WARREN	20	L	20-Nov-03	614928009	TTZX	84941	FLATCB73	253700
POTLATCH WSR	AR	WARREN	20	L	21-Nov-03	614927998	CRLE	20731	FLATCB73	257100
POTLATCH WSR	AR	WARREN	20	L	25-Nov-03	613065707	TTZX	862204	FLATCB73	62700
POTLATCH WSR	AR	WARREN	20	L	01-Dec-03	616121982	LW	76036	FLATCB73	253100
POTLATCH WSR	AR	WARREN	20	L	02-Dec-03	616121981	TTZX	861003	FLATCB73	241900
POTLATCH WSR	AR	WARREN	20	L	02-Dec-03	616121981	TTZX	861003	FLATCB73	240100
POTLATCH WSR	AR	WARREN	20	L	10-Dec-03	616014479	TTZX	862224	FLATCB73	259200
POTLATCH WSR	AR	WARREN	20	L	10-Dec-03	616014479	TTZX	862224	FLATCB73	258700
POTLATCH WSR	AR	WARREN	20	L	10-Dec-03	616014479	TTZX	862224	FLATCB73	258600
POTLATCH WSR	AR	WARREN	20	L	10-Dec-03	616014481	NOKL	733312	FLATCB73	255700
POTLATCH WSR	AR	WARREN	20	L	11-Dec-03	620030420	TTZX	855153	FLATCB73	241600
POTLATCH WSR	AR	WARREN	20	L	12-Dec-03	619161970	CRLE	20729	FLATCB73	254600
POTLATCH WSR	AR	WARREN	20	L	12-Dec-03	619161967	TTZX	861452	FLATCB73	244100
POTLATCH WSR	AR	WARREN	20	L	12-Dec-03	619161967	TTZX	861452	FLATCB73	243800
POTLATCH WSR	AR	WARREN	20	L	23-Dec-03	618494069	SERA	73005	FLATCB73	258500
POTLATCH WSR	AR	WARREN	20	L	23-Dec-03	619492807	TTZX	863447	FLATCB73	65800
POTLATCH WSR	AR	WARREN	20	L	23-Dec-03	619492807	TTZX	863447	FLATCB73	61900
POTLATCH WSR	AR	WARREN	20	L	23-Dec-03	619492807	TTZX	863447	FLATCB73	61500
POTLATCH WSR	AR	WARREN	20	L	23-Dec-03	618494069	SERA	73005	FLATCB73	61200
POTLATCH WSR	AR	WARREN	20	L	29-Dec-03	621852814	CHTT	273028	FLATCB73	256500

**2003 POTLATCH SHIPMENTS FROM WARREN, AR  
LUMBER LOADS WEIGHED ON UPRR SCALE**

Shpr_Name	Orig_St	Orig_City	Cmndy_Line	L/E_	Wb_Date	Cycl_Seq_Nbr	Eqmt_Init	Eqmt_Nbr	Car_Type_Name	GR_WGT
POTLATCH WSR	AR	WARREN	20	L	29-Dec-03	621853560	CHTT	273051	FLATCB73	253800
POTLATCH WSR	AR	WARREN	20	L	29-Dec-03	616265620	NOKL	733486	FLATCB73	62900
POTLATCH WSR	AR	WARREN	20	L	29-Dec-03	616265620	NOKL	733486	FLATCB73	62600
POTLATCH WSR	AR	WARREN	20	L	29-Dec-03	616265620	NOKL	733486	FLATCB73	62300
POTLATCH WSR	AR	WARREN	20	L	31-Dec-03	622076344	NOKL	733663	FLATCB73	256100
POTLATCH WSR	AR	WARREN	20	L	31-Dec-03	622076344	NOKL	733663	FLATCB73	255200
POTLATCH WSR	AR	WARREN	20	L	31-Dec-03	622076342	CHTT	273191	FLATCB73	254200
POTLATCH WSR	AR	WARREN	20	L	31-Dec-03	622076347	WPRR	73053	FLATCB73	253400

THIS LIST EXCLUDES LOADS NOT WEIGHED BY UPRR

C:\TEMP\NOTES\DATA\POTLATCH LUMBER WARREN AR 03.xls\QRY POTLATCH LUMBER 03

**FINANCE DOCKET NO. 34479**  
**REBUTTAL VERIFIED STATEMENT**  
**OF**  
**ABDOLLAH (ABE) GHAZAI**

My name is Abdollah (Abe) Ghazai. I have been employed by Union Pacific Railroad Company ("UP") and its predecessors since 1978 and currently hold a position as Track Planning Engineer in the Engineering Services Department. My office address is 1416 Dodge Street, Omaha, Nebraska 68179.

I have a total of 25 years of experience in railroad engineering matters, and I have held various railroad maintenance-of-way positions. As a Trackman I have inspected and performed overall track maintenance activities and have maintained track and railroad right-of-way in accordance with UP and FRA guidelines. I have also worked as a Supply System Analyst, as a Data Analyst, as a Manager of Vegetation Control, and most recently as a Track Planning Engineer. In my current position, I have responsibility throughout the UP system for evaluating track conditions, and estimating the cost of maintenance and rehabilitation projects on various types of track structures and projects.

I am very familiar with the Warren, AR line which UP leases to the Delta Southern Railroad ("DSR"). The line runs approximately 39.42 miles from Dermott, AR (MP 422.32) to Warren, AR (MP 461.74). I have inspected this line on two occasions in the past three years. The first inspection was on July 24,

2001. My second inspection was conducted on Thursday, February 26, 2004 with Sam Wiersma, UP Manager Track Maintenance - Central Region, and John Taylor, UP Manager-Special Projects. We were accompanied by Don Avis of DSR. The purpose of the latest inspection was to evaluate the current condition on the line.<sup>1</sup>

#### RESULTS OF FEBRUARY 26 INSPECTION

Attached to this statement are inspection notes of the February 26 inspection. A summary of our conclusions is as follows:

1. Overall, the line has been poorly maintained, particularly the portion with jointed rail (MP 422.32-440.6). It appears that DSR's maintenance strategy for some time has been to do the minimum necessary for short-term operation. Unfortunately, the "short term" has nearly run out.

2. Alignment and surfacing are particularly bad and are not in compliance with FRA Class 1 requirements. There are numerous strategic locations with serious problems that are derailments waiting to happen (for example, reverse super-elevation of over 3" in a curve). Tie conditions are marginal, at best, for FRA Class 1 track, with numerous locations of joint tie violations in the 18 miles of jointed track.

3. DSR obviously does not have an effective maintenance program for dealing with alignment and surfacing. From what we saw, its solution for these conditions is simply to dump ballast on top of the track structure, without raising and aligning the track or tamping the ballast under the ties. This approach does

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<sup>1</sup> I understand that FRA recently conducted its own inspection of a 20-mile segment of the line between MP 422 and MP 442, and wrote up 79 defects for this segment.

nothing to correct the existing alignment and surface conditions. DSR follows the same ineffective approach in repairing derailment damage to its track. Dumping ballast on top of the track structure and leaving it there also makes it impossible to determine the condition of the ties buried under the ballast and, by holding moisture against the ties, hastens tie deterioration.

4. DSR similarly does not have an effective tie replacement program. Based on what we saw, DSR's general practice has been to replace the minimum number of defective ties necessary to comply with tie spacing requirements of FRA Class 1 track standards (although, as noted above, there are numerous locations where they have not complied with these requirements). Particularly given the light weight of the rail (90 lbs.), this approach will often not provide sufficient track support for keeping the track structure within FRA geometry standards for Class 1 rail under load. We observed evidence on the track structure of excessive movement under load at a number of locations, which is consistent with insufficient tie support. Another problem is that a single non-defective tie in a large cluster of ties that aren't doing their jobs creates a short, relatively rigid area under the rail at that location, which increases the possibility of a break. Finally, this practice makes correction of alignment and surfacing defects more difficult. When the track structure is raised, as it must be in the surfacing process, the defective ties will pull loose from the rail and remain buried under the new ballast.

5. I understand that Bill Wainwright, DSR's President, said in a recent affidavit that DSR had undertaken a major track program to restore the line to

FRA Class 1 condition which was about two-thirds complete. During our February 26 inspection, we observed no maintenance or rehabilitation work in progress anywhere on the line. In fact, we observed no maintenance personnel on the entire line, except for the DSR employee who accompanied us. There were also no stockpiles of materials that would indicate that work was to be undertaken in the near future.

6. We did encounter two track machines on the line near MP 434, a ballast regulator and a tamper/liner. These machines were unmanned and appeared to be inoperational (particularly the tamper/liner, which was missing its vibrator motors). Suspecting that the machines may have been placed at MP 434 to prevent us from inspecting some of the track beyond this point, we ran around the machines, set back on the track near MP 439, and ran back toward MP 434. At MP 437.5, we discovered two derailed cars (one of which was on its side), and a crane, which had apparently been brought there for rerailing. The crane was unmanned and there were no personnel in the area.

7. We observed no rail operations during our entire inspection on February 26.

## VERIFICATION

Abdollah (Abe) Ghazai, states on penalty of perjury that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

March 2, 2004

  
Abdollah Ghazai





John E. Taylor

03/02/04 11:57 AM

To: Abe Ghazai@UP  
cc: Bob Opal@UP  
Subject: Warren Branch

Mr. Ghazai

This is the report of our February 26 track inspection of the Warren Branch that you requested.

On February 26 the Union Pacific Railroad preformed a track assessment of the Warren Branch which is currently leased to the Delta Southern Railroad. The inspection was preformed by hy-rail and the following were present Sam Wiersma UPRR, Abe Ghazai UPRR, John Taylor UPRR and Don Avis DSRR. Following is a summary with attachments of our findings.

The inspection was from MP 422.32 to MP 461.74 a total of 39.42 miles, of this 18.23 miles is 90lb jointed rail (422.32 to 440.6) the remainder is 90lb CWR (440.60 to 461.74). Overall the jointed rail is in poor condition with many bent rails and dutchman installed to repair pull-apart joints. The CWR is in good condition. There is evidence that ties were installed across the entire branch to break up clusters and at rail joint locations. Tie spacing is 22 inch or 2880 per mile. We performed a walking inspection of 100 consecutive ties per mile, where ties were visible. Based on these sample areas, the defective tie counts per mile would range from a low of 576 per mile to a high of 2016 per mile. There were four miles of no tie count account of ballast. The tie condition is marginal for class one. Although there is ballast placed for surfacing (MP422 through MP452) there was no evidence of any surface or lining activity.

The Public road crossings are poorly maintained, although the crossing surfaces are good in most cases, the vegetation is not cut back for sight distance and there are numerous locations of missing signage.

There are three areas of derailed rail cars and indications of several past derailments, in these derailment areas repairs were made by installing ties and spiking back down the existing rail which in many cases was severely bent causing alignment problems, no surfacing was done. There were three areas that we could not inspect MP434.03 to MP437.5 - 3.47 miles account track machines on main, MP445.2 to MP447.5 - 2.3 miles account switch engines on main and MP460 to MP461.74 - 1.74 miles account cars on main. We were on the property for approximately eight hours but did not see any personal performing maintenance or switching operations.

- MP422 - MP430 Surface and line condition is poor
- MP432 - MP442 Surface and line condition is good
- MP423 - MP440 Numerous locations of joint tie defects
- MP423 - MP440 Numerous locations of joint defects
- MP450 - MP460 Numerous locations of tie clusters
- MP422 - MP452 Ballast placed for surfacing
- MP429 - MP455 Vegetation is close to or hitting rolling stock
- MP448.25 No effective tie in 39ft.
- MP425.05 X-level 3 ½ inch
- MP426.5 X-level 4 ½ inch
- MP449.8 X-level 6 ¼ inch
- MP458.95 X-level 3 ½ inch
- MP459.7 X-level 3 ¾ inch reverse in curve
- MP437.50 Derailment area (LW73049 & MP592746)
- MP446.70 Derailment area (MP377319)
- MP461.60 Derailment area (CN625943)

#### Pictures

1. MP424 Poor alignment
2. MP425 Poor alignment and 3 ½ inch x-level

3. MP431.7 Poor surface and alignment derailment area that I feel is unsafe to operate on.
4. MP431.7 Same
5. MP433.15 Derailment area



001.jpg



002.jpg



003.jpg



004.jpg

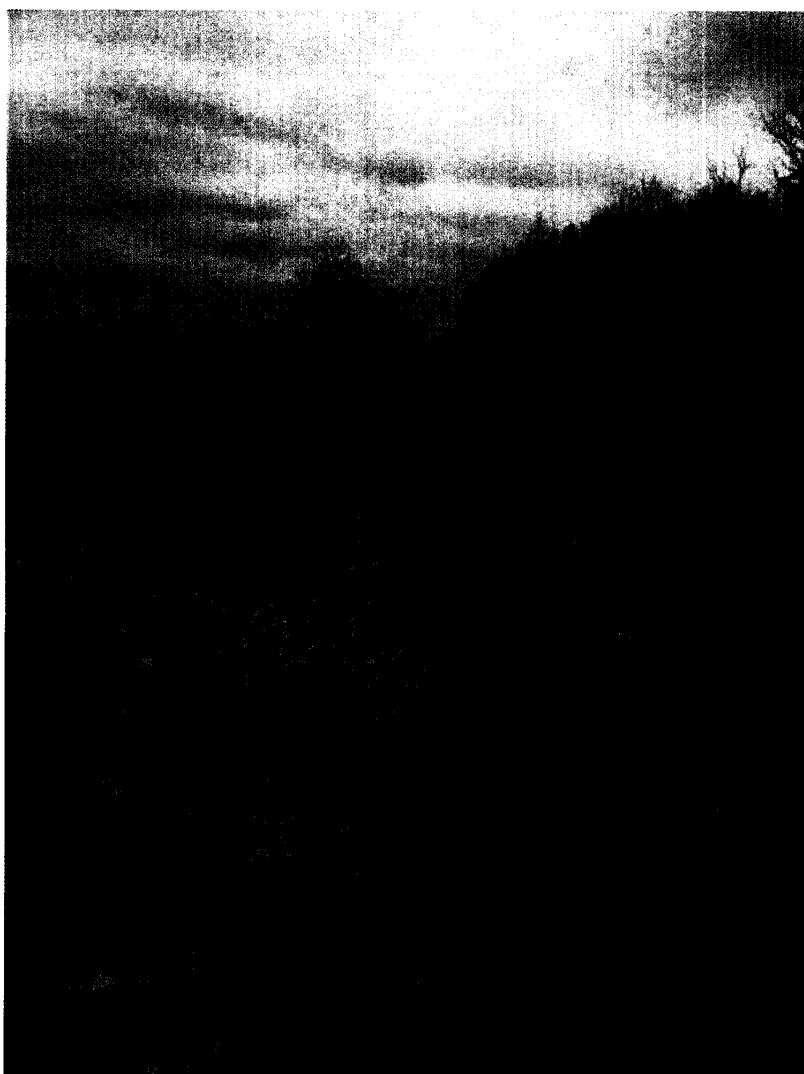


005.jpg

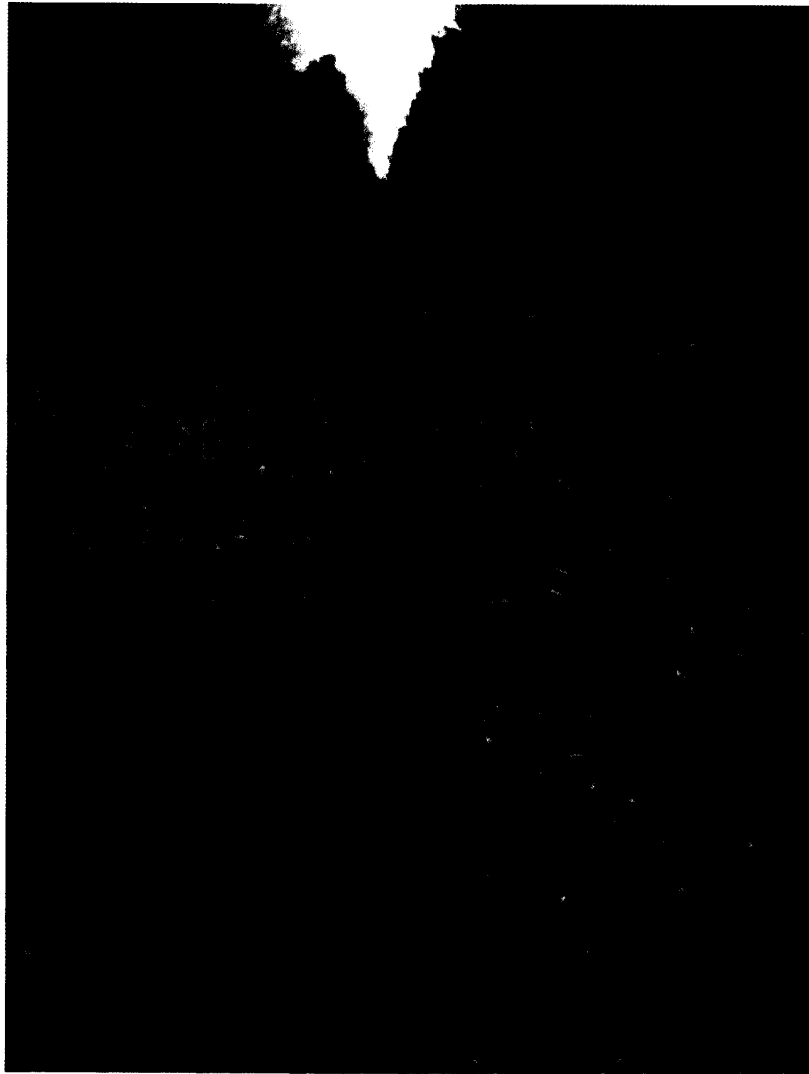


Warren Branch summary.

Thanks  
John E. Taylor  
Co. (817) 878-4557  
Cell (469) 387-6098



# 1 MP 424



# 2 MP 425



# 3 MP 431.7



# 4 MP 431.7



# 5 MP 433.15

# Warren Branch Track Assessment

	Rail rating	Surface rating	Road bed	Curves	Percent of mile that requires surfacing	Comments Rating of 1 (best) to 3 (worst) for each mile.
Mile Pole						
422	2	2	2	2	50%	
423	3	3	3		100%	
424	3	3	3	2	100%	
425	3	3	3		50%	
426	2	2	3		30%	
427	2	2	2		15%	
428	3	3	3		90%	
429	3	3	3		70%	
430	3	3	3		60%	
431	2	2	2	3	20%	
432	2	2	2		10%	
433	2	2	2	2	10%	
434						Set off 434.03 for maintenance machines on main
435						
436						



437	2	1	2	2	10%	Set on backed up to 437.5 hy-rail crain on main (derailed cars LW73049 & MP542746 MP437.4)
438	2	2	2		10%	
439	2	2	2	2	0%	
440	1	1	1		0%	
441	1	1	1	1	0%	Set off 445.2 for switch engine on main (derailed car MP377319 MP446.7)
442	1	1	1	1	15%	
443	1	2	2	2	25%	
444	2	2	2		30%	
445						Set on back up to 447.5 for train on main (derailed car MP377319 MP446.7)
446						
447	1	2	2		25%	
448	2	3	3	3	60%	
449	2	3	3	2	40%	
450	2	3	3		85%	
451	2	2	2		20%	
452	1	1	1	1	10%	
453	1	2	2	2	20%	
454	1	1	1	1	15%	
455	2	2	2	2	30%	

456	1	1	1	1	10%	
457	1	2	2		20%	
458	2	3	3		50%	
459	2	2	2	3	40%	459.7 3 3/4 reverse elevation in curve
460						Set off 460.0 for cars on main
461						461.74 end of lease (derailed car CN625943 west end track 609)

**FINANCE DOCKET NO. 34479**  
**REBUTTAL VERIFIED STATEMENT**  
**OF**  
**WENDY S. WHALEN**

My name is Wendy S. Whalen. I am Director of Insurance for Union Pacific Railroad Company. My business address is 1416 Dodge Street, Omaha, Nebraska 68179.

I am writing this in response to the affidavit of Louis Schillinger, included in the Reply of Delta Southern Railroad Company (DSR) in this proceeding. Mr. Schillinger, who is DSR's insurance agent, describes his efforts to secure insurance coverage for DSR and claims that UP did not provide much assistance in that process.

Mr. Shillinger states that he has "no knowledge" of any efforts by UP to assist DSR, other than a phone mail message and conversation with me, which he indicates he did not regard as particularly helpful. I should point out that UP is not, under its lease with DSR, obligated to provide any assistance to DSR in obtaining insurance. It is DSR's obligation under the lease to obtain the insurance coverages described in the lease.

Nevertheless, we did assist DSR in attempting to obtain coverage, and we did much more than Mr. Schillinger acknowledges. We actually engaged Aon Risk Services to assess DSR's situation and inquire about coverage from the commercial U.S. markets. Unfortunately, due to the financial instability of DSR and the frequency and severity of claims, no U.S. market was willing to offer complete coverage. As evidenced in the attached claim summary (Appendix 1 to this statement), DSR has had a very unfavorable claims history. The attached January 20, 2004 email (Appendix 2 to this statement) provides further evidence of this unfavorable claims history.<sup>1</sup> As shown in Appendix 2, most of the claims appear to be from various types of rail related defects, a cause which makes insurers extremely uneasy. Apparently, Mr. Schillinger has since reached a similar conclusion as to the likelihood of obtaining coverage in U.S. markets, as his statement indicates he is now seeking coverage in London. It remains to be seen whether Mr. Schillinger will be any more successful obtaining coverage in London than he has been in the U.S.

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<sup>1</sup> The data shown in the appendices is for DSR's system as a whole, since DSR obtains insurance on a systemwide basis, not line by line. However, according to Mr. Schillinger, the reason DSR lost its lading and foreign rolling stock coverage was specifically because of the "excessive number of derailments and overturned cars on the Warren Line" (Schillinger Affidavit, Par. 4).

According to Mr. Schillinger's statement, he is now proposing to obtain coverage for DSR for the currently uncovered lading and foreign rolling stock exposure at a deductible that is six times DSR's previous deductible.<sup>2</sup> While Mr. Schillinger indicates that DSR has paid claims in the past, the amount of cash required of DSR to fund claims has now gone up exponentially with the rise in their deductible. In my opinion, the issue of insurance sustainability will continue to be a problem for DSR until they evidence that they can operate without excessive derailments.

Finally, Mr. Schillinger complains that, during his call with me, DSR's counsel suggested that UP add DSR to UP's insurance program at DSR's expense, but the UP "promptly rejected" the idea. Surely, as an insurance professional, Mr. Schillinger knows why we rejected this idea. As is common with Class I railroads, UP is largely self insured. UP's insurance program is designed to respond only to claims of a catastrophic nature relative to UP's financial abilities. The insurance that DSR is required to carry under its lease offers protection at levels well below any UP insurance attachment points. Thus by asking to be put on UP's insurance program, DSR was effectively asking UP to self insure DSR. As I told the DSR personnel on the call, UP is in the railroad business, not in the insurance business.

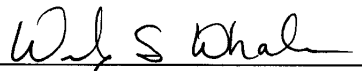
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<sup>2</sup> At one point in his statement, Mr. Schillinger appears to be saying that he has obtained replacement lading and foreign rolling stock coverage from Lloyd's of London (Schillinger Affidavit, par. 4). However, later in his statement, he makes clear that he had not, as of the date of his statement (February 26) obtained such coverage (Id., Par. 6).

## VERIFICATION

Wendy S. Whalen, states on penalty of perjury that she has read the above document, knows the facts asserted therein, and that the same are true as stated.

Dated March 2, 2004.

  
Wendy S. Whalen

Delta Southern Railroad

File No	CKT	Last Name	First Name	CLIS	DOB	INICN	City	State	Internal	Isolation PD	RR	DSR	Status	ASS	Surrogate	Subrogation Rev	Policy #	Policy Typ	Vol. E2	Full Exp
1/C		Base of Claim	Claim Pkt No	SCF Lien	Legal Fees	Legal Fees	Max Exp	Internal Rev	Expense Rev	Isolation PD	RR	DSR	Status	ASS	Surrogate	Subrogation Rev	Policy #	Policy Typ	Vol. E2	Full Exp
4-0316-6	DF	DeWitt		DL	10/26/1999	\$0.00	\$0.00	LA	Delta Southern RR		DSRR	20	Closed	\$0.00	\$132,195.42	\$0.00	COL 5018773-01	CLM	01/02/2000	01/02/2001
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00				
990-0509-6	DF	Hollybrook Co		PD	10/15/1999	\$0.00	\$0.00	LA	Delta Southern RR		DSRR	20	Closed	\$0.00	\$0.00	\$0.00	COL 5018773-02	CLM	01/02/1999	01/02/2000
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00				
990-0758-6	DF	DeWitt		DL	06/02/2003	\$0.00	\$0.00	AR	Delta Southern RR		DSRR	20	Closed	\$0.00	\$32,149.41	\$0.00	COL 5018773-03	CLM	01/02/2000	01/02/2001
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00				
990-1174-6	DF	Property Damage to Eschloe		PD	10/21/2000	\$0.00	\$0.00	AR	Delta Southern RR		DSRR	20	Closed	\$0.00	\$24,000.00	\$0.00	COL 5018773-04	CLM	01/02/2000	01/02/2001
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00				
990-1312-6	DF	DeWitt		DL	12/29/2000	\$0.00	\$0.00	AR	Delta Southern RR		DSRR	20	Closed	\$0.00	\$0.00	\$0.00	COL 5018773-05	CLM	01/02/2000	01/02/2001
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00				

Thursday, December 11, 2003





01-10-01 12:16 FROM-

T-865 P84/88 U-899

File No	CLM	Last Name	Address	City	State	CLM	DOA	INCO	City	State	Interimty Rv	Expense Rv	Interimty PD	INS	Notes	SURCHD	Date Hnd	Policy #	Policy Type	Pol Exp	
Wage Unit	Collect	Advant	RRB Line	Legal Fees	Clear Pld No											ASV	Salvage Rv	Subrogation Rv	Amount PD	Chg	
991-06446	DF	Danville		DL	05/22/2001		Danville	AR	Delta Southern RR		DSRR 27	Closed					153,000.00	05/22/2001	DSE 369900	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/1/2001	
991-06476	DF	Danville		DL	05/22/2001		Danville	AR	Delta Southern RR		DSRR 27	Closed					\$10,000.00	06/04/2003	RSP 1016	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/1/2001	
991-06445	DF	Danville		DL	09/29/2001		Jennings	AR	Delta Southern RR		DSRR 27	Closed					\$25,000.00	10/12/2001	DSE 369900	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	05/26/2002	
991-06475	DF	Danville		DL	09/29/2001		Jennings	AR	Delta Southern RR		DSRR 27	Closed					\$10,000.00		RSP 1016	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	05/26/2002	
991-07646	DF	Danville		DL	10/17/2001		Warren	AR	Delta Southern RR		DSRR 27	Closed					\$25,000.00	10/17/2001	DSE 369900	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	05/26/2002	
991-07645	DF	Danville		DL	10/17/2001		Warren	AR	Delta Southern RR		DSRR 27	Closed					\$10,000.00		RSP 1016	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	05/26/2002	
991-05246	DF	Holbert		AU	03/01/2001		Monkville	AR	Delta Southern RR		DSRR 27	Closed					\$25,000.00	03/01/2001	DSE 369900	CLM	01/20/2002
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	01/21/2003	

Page 3 of 7

Transit, December 11, 2003



01-10-04 12:16 FROM-

T-865 P06/08 U-899

Line No	Code	Line Name	Prod Name	CLS	DOA	NCO	City	State	Issued	Incident Ref	Exposure Ref	Incident PD	ASV	SNOWED	Date Ref	Policy #	Policy Type	Per DT	Per Clp
2002-0641	DF	Des Moines		DL	09/05/2003		Lake Village	AR	Delta Southern RR			05/05/03							
2002-0641	DF	Des Moines		DL	09/05/2003		Lake Village	AR	Delta Southern RR			05/05/03							
2002-0642	DF	Des Moines		DL	09/05/2003		Lake Village	AR	Delta Southern RR			05/05/03							
2002-0719	DF	Des Moines		DL	10/26/2002		Des Moines	AR	Delta Southern RR			05/05/03							
2002-0720	DF	Des Moines		DL	10/26/2002		Des Moines	AR	Delta Southern RR			05/05/03							
2002-0764	DF	Des Moines		DL	11/27/2002		Lake Village	AR	Delta Southern RR			05/05/03							

Page 5 of 7

Thursday, December 11, 2003



Group Loss	50.00	Medical	50.00	Advantage	50.00	MSA Plan	50.00	Legal Fees	5,256.00	Police Exp	31,656.96	Frequency Fee	266,535.10	Pl. Home Rpt	3,102,507.05	Intensity PD	\$525,307.59	Expense PD	\$5,102.65	ASV	\$776,000.00	Savings Zary	\$4.00	Subscription Rery	\$9.00	Amount PD	\$249,234.52
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## APPENDIX 2



"Donna Harris"  
<dharris@colla.com>  
01/20/2004 04:54 PM

To: <wswhalen@up.com>  
cc:  
Subject: Delta Southern Railroad - Derailment Cause/Action

1. 10-26-99  
Cause: Farm Equipment pulled wide gauge in crossing  
Action: Changed out rail and repaired crossing
2. 10-15-99  
Cause: Thin Flange on wheel caused car to climb switch  
Action: Replaced wheel and repaired switch
3. 6-20-2000  
Cause: Wide Gauge - Defective Ties  
Action: Replaced ties and corrected gauge
4. 12-29-2000  
Cause: Brake Beam fouled wheel while moving on track  
Action: Repair Car - Repair Track
5. 05-09-2001  
Cause: Lathe cut rail in crossing  
Action: Replace Rail
6. 05-22-2001 (2 File No.'s For Same Incident)  
Cause: Broke Rail  
Action: Replace Rail and Ties
7. 08-29-2001 (2 File No.'s For Same Incident)  
Cause: Lowboy Truck tore out crossing  
Action: Repair Crossing and Replace Rail
8. 10-17-2001 (2 File No.'s For Same Incident)  
Cause: Broke Rail  
Action: Replaced Rail
9. 01-26-2002 (2 File No.'s For Same Incident)  
Cause: Broke Rail  
Action: Replaced Rail
10. 09-05-2002 (2 File No.'s For Same Incident)  
Cause: Wide Gauge  
Action: Replace Ties - Corrected Gauge
11. 09-20-2002 (2 File No.'s For Same Incident)  
Cause: Broken Rail - Hidden Fissure not visible by naked eye  
Action: Changed out 4 rails
12. 10-26-2002 (2 File No.'s For Same Incident)  
Cause: Broke Rail  
Action: Replaced Rail

13. 11-27-2002 (2 File No.'s For Same Incident)

Cause: Broke Rail

Action: Replaced Rail

14. 03-02-2003

Cause: Kink in Rail

Action: Align Tracks and Re-spike

15. 04-02-2003

Cause: 2 Broke Angle Bars

Action: Replace Bars - Repair Track

16. 08-08-2003

Cause: Broke Composition Joint Bar

Action: Removed and replaced with new joint bar

17. 11-14-2003

Cause: Broke Rail at Road Crossing

Action: Replaced Rail and Repaired Crossing

All derailment sites are brought back to Track Class 1 conditions.

Thirty miles of track from Lake Village, AR to Shelburn, LA was Embargoed 1-13-04 to provide out of service time to rehabilitate track, undisturbed from train service. This section is where derailments occurred.

Rehabilitation Funds of 3.2 million dollars from Capital Outlay is promised by the State of Louisiana.

U.S. Congressman Rodney Alexander (D) from LA and U.S. Congressman Mike Ross (D) of AR has visited with us and late last week said they are to sponsor a bill for complete rehab.

Thanks,  
Bill Wainright

**CERTIFICATE OF SERVICE**

I certify that I have this day served a copy of the foregoing document upon  
the following by first class United States mail.

Thomas J. Litwiler, Esq.  
Fletcher & Sippel, LLC  
29 North Wacker Drive  
Suite 920  
Chicago, IL 60606-2875

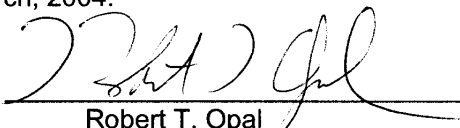
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Robert T. Opal